

# PERSI Total Return Fund

Public Employee Retirement System of

## Fund Objective

The purpose of the investment of fund assets is to provide funds to meet the obligations of PERSI while incurring the appropriate amount of risk consistent with attaining that goal. The Board will invest the assets of the fund so as to meet the projected obligations of the System, and will reduce risk through diversification of the assets of the fund.

## Investment Focus

A diversified portfolio with a mix of active and passive management, fixed income and equities, real estate and private equity, and an array of management styles.

## Quick Facts

Assets  
\$8.6 Billion

Ticker Symbol  
N/A (not publicly traded)

Inception  
July 1, 1965



The Public Employee Retirement System of Idaho (PERSI) manages more than 8.6 billion dollars<sup>1</sup> in assets, providing retirement and disability benefits for over 110,000 members and beneficiaries. Collectively, the assets of the system constitute the PERSI Total Return Fund. The PERSI fund has been unitized, making it possible for members to invest in the fund as participants in the PERSI Choice Plan. In fact, the PERSI Total Return Fund is the default option for the PERSI Choice Plan, meaning any contributions made to a participant's Choice Plan will be invested in the PERSI Total Return Fund unless the participant has affirmatively elected other investment alternatives. This document is intended as a summary description of the PERSI Total Return Fund. More detailed information is available in PERSI's latest Annual Financial Report.<sup>2</sup>

## Daily Unit Value

The value of the PERSI Total Return Fund is determined each business day by the custodian using procedures approved by PERSI.<sup>3</sup> This value is divided by the number of units or shares to determine a daily unit value, similar to the process used by mutual funds. If a material misstatement of a unit value occurs, the unit price will be restated and appropriate adjustments will be made to participant accounts. Some of the assets in the PERSI Total Return Fund are not revalued on a daily basis because the change in their value is generally determined on a periodic basis using industry-accepted standards such as, for example, real estate appraisals. These include private real estate holdings and private equity investments. Because these types of holdings represent a small portion of the PERSI Total Return Fund, the value of these assets are included in the daily unit value based on the latest available valuation, usually quarterly. More detailed information about PERSI's real estate and private equity holdings is available in PERSI's latest Annual Financial Report.

## Asset Allocation and Management

PERSI is governed by a Retirement Board<sup>4</sup> consisting of five (5) members appointed by the Governor. With the assistance of a Chief Investment Officer<sup>5</sup> appointed by the Board, and other outside consultants selected by or under the supervision of the Board, the Board determines how the assets of the fund should be allocated among various asset classes, and selects investment managers. More detail on these processes is available in the Board's Statement of Investment Policy.<sup>6</sup>

Virtually all of the fund's assets are managed by outside managers, all experienced in their particular asset class. The following table lists current managers by asset type.

Continued on back

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## Top Sector US Equity Holdings

Financial Services	27.3%
Consumer	12.3%
Health Care	11.7%
Technology	10.3%
Utilities	6.8%
Consumer Staples	6.5%
Producer Durables	5.8%
Materials & Processing	5.5%

## Top Stock Holdings

General Electric  
Microsoft  
Exxon Mobil  
Pfizer  
Wal Mart  
Citigroup  
Wells Fargo  
Vornado  
Johnson & Johnson  
IBM

## Contact PERSI

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Boise, ID 83702  
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<sup>1</sup> All data as of June 30, 2005.

<sup>2</sup> Copies of PERSI's latest Annual Financial Report are available at no cost from PERSI, or may be accessed on PERSI's Web site: [www.persi.state.id.us](http://www.persi.state.id.us).

<sup>3</sup> Copies of these procedures are available at no cost from PERSI, or may be accessed on PERSI's Web site: [www.persi.state.id.us](http://www.persi.state.id.us).

<sup>4</sup> Members of the Retirement Board are: Jody B. Olson, Chairman; Pamela I. Ahrens, Jeff Cilek, Clifford T. Hayes, and J. Kirk Sullivan.

<sup>5</sup> PERSI's Chief Investment Officer is Robert M. Maynard.

<sup>6</sup> The Board's Statement of Investment Policy is included in the Annual Financial Report.

## U.S. Equity

Large/All Cap  
Mellon S&P500  
Tukman  
Peregrine

Small Cap  
Mellon Midcap  
Mellon R2000  
Mtn. Pacific  
TCW Dom  
Donald Smith

## Fixed Income

Passive  
State Street G/C  
TIPS

Global  
Barings  
Bridgewater  
Fidelity  
Western  
Mortgage  
Idaho Mortgages  
D.B.F. MBS  
Clearwater

## International

Developed  
Mondrian  
Rowe Price  
SGAM  
Mellon EAFE

Emerging Markets  
Genesis  
Bernstein

Currency Hedge  
Pareto Partners

## Other Equity

Real Estate  
Adelante  
(Public REITs)  
Kohl -PER  
Prudential  
Private  
Private Equity  
Individual  
Limited  
Partnerships

## Global

Barings  
Cap Guardian  
Bernstein  
Zesiger  
Brandes

The table below shows both actual and target allocations.

Asset Class	Strategic Normal	Strategic Ranges	Allocation Year Ended June 30, 2005
U.S. Equity	54%	44% - 57%	55.2%
International Equity	15%	12% - 25%	15.3%
Total Equities	69%	66% - 75%	70.5%
Fixed Income	30%	27% - 33%	29.5%
Cash	1%	0% - 5%	0.0%

More detailed information concerning allocations and managers is available in PERSI's latest Annual Financial Report.

## Historical Returns

